CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 4, 1998

S. 2090

NRC Fairness In Funding Act of 1998

As ordered reported by the Senate Committee on Environment and Public Works on May 21, 1998

SUMMARY

S. 2090 would extend the authority of the Nuclear Regulatory Commission (NRC) to collect annual charges from its licensees to offset all of the agency's general fund appropriation. The bill does not authorize the appropriation of any funds to support the NRC mission in 1999 or subsequent years, but assuming that appropriations continue at approximately the 1998 level, additional annual income from these fees would be about $270 million a year. These would be recorded as offsetting collections to the NRC's appropriation. Because the bill would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

By extending the NRC's authority to collect fees from utilities, S. 2090 would impose both an intergovernmental and private-sector mandate as defined by the Unfunded Mandates Reform Act (UMRA). This mandate would not impose costs above the threshold established in UMRA for intergovernmental mandates ($50 million in 1996, adjusted for inflation). CBO cannot determine whether the direct costs of the mandate would exceed the annual threshold for private-sector mandates ($100 million in 1996, adjusted for inflation), because UMRA does not clearly define how to determine the direct costs associated with extending an existing mandate that has not yet expired. Depending on how they are measured, the direct costs to the private sector could exceed the threshold.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Under current law, the NRC is directed to collect fees and annual charges sufficient to offset its entire general fund appropriation. This authority expires at the end of 1998; however, the agency has permanent authority to collect fees and annual charges sufficient to offset 33 percent of its annual appropriation (from the general fund or any special funds). S. 2090 would extend the agency's authority to fully offset its general fund appropriation with fees and annual charges through 2003, except that the bill would allow the NRC to exclude certain portions of its budget from annual charges that would not be fair and equitable to assess on its licensees or a class of its licensees. Under the bill, the portion of the NRC's general fund budget that could be excluded from annual charges could not exceed $30 million annually.

In 1998, Congress appropriated $473 million for the NRC and the NRC Office of the Inspector General. That total includes $18 million from the Nuclear Waste Trust Fund and $455 million from the general fund of the Treasury. CBO estimates that the agency will collect $455 million in 1998 through fees and annual charges. If the NRC's 1999 appropriation were identical to its 1998 budget, and S. 2090 were enacted, we estimate that fees and annual charges would be $425 million. In contrast, if the agency's 1999 authority to collect fees and annual charges fell to 33 percent of its budget, CBO estimates the agency would collect only $156 million.

PAY-AS-YOU-GO CONSIDERATIONS: None

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The requirement to pay additional annual fees to the NRC would be a mandate as defined in UMRA. The total amount of such fees would depend on the amount of future appropriations. Assuming that future appropriations would be at about the 1998 level and that the portion of the NRC's budget that could be excluded from annual charges would be $30 million annually (the maximum amount of excluded costs), CBO estimates that extending the fees would result in additional collections from industries regulated by the NRC (primarily electric utilities) of about $270 million annually beginning in fiscal year 1999, compared to what collections would be under current law. Most of the fees would be paid by private, investor-owned nuclear utilities. (Less than 5 percent would be paid by nonfederal, publicly owned utilities.)

CBO cannot determine whether this mandate would impose any costs as defined in UMRA because the law is unclear as to how to measure costs associated with extending an existing mandate that has not yet expired. One approach would be to measure the costs imposed by the bill against those that would be incurred if current law remains in place and the annual fees decline. Measured that way, the total cost to the private sector of extending this mandate would be about $255 million annually, beginning in fiscal year 1999, and the cost of the mandate would exceed the annual threshold for the private sector as defined in UMRA. By contrast, measured against the fees paid for fiscal year 1998 ($455 million), the mandate would impose no additional costs on the private sector because the fees under S. 2090 would be lower than those currently in effect (because some of NRC's costs would be excluded from coverage by the fees). In either case, CBO estimates that the total costs to state, local, and tribal governments would be below the threshold for intergovernmental mandates established in UMRA.

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